

Independent Auditor's Report

Canadian County Educational Facilities Authority

Year Ended June 30, 2023

**CANADIAN COUNTY EDUCATIONAL FACILITIES AUTHORITY
EL RENO, OKLAHOMA
June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Canadian County Educational Facilities Authority
El Reno, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying modified cash basis financial statements of the business-type activities of Canadian County Educational Facilities Authority, El Reno, Oklahoma, a component unit of Canadian County as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities of Canadian County Educational Facilities Authority, El Reno, Oklahoma, as of June 30, 2023, and the respective changes in modified cash basis financial position, and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Canadian County Educational Facilities Authority, El Reno, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

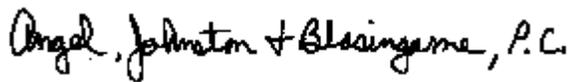
- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Chickasha, Oklahoma
September 25, 2023

CANADIAN COUNTY EDUCATIONAL FACILITIES AUTHORITY
Statement of Net Position
Modified Cash Basis
June 30, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$	<u>58,696</u>
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<i>Total Assets</i>		<u><u>58,696</u></u>
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LIABILITIES

<i>Total Liabilities</i>		<u><u>-</u></u>
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NET POSITION

Unrestricted		<u>58,696</u>
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<i>Total Net Position</i>	\$	<u><u>58,696</u></u>
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The accompanying notes are an integral part of the financial statements.

CANADIAN COUNTY EDUCATIONAL FACILITIES AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Modified Cash Basis
For the Year Ended June 30, 2023

Operating Revenues	
Administration acceptance fees	\$ 22,992
Miscellaneous	36
<i>Total Operating Revenues</i>	23,028
 Operating Expenses	
Professional fees	5,200
Bank fees	437
Donation to library consortium	85,000
<i>Total Operating Expenses</i>	90,637
<i>Operating Income (Loss)</i>	(67,609)
 Non-Operating Revenues (Expenses)	
Interest income	4,156
<i>Total Non-Operating Revenues (Expenses)</i>	4,156
<i>Change in Net Position</i>	(63,453)
<i>Net Position - Beginning of Year</i>	122,149
<i>Net Position - End of Year</i>	\$ 58,696

The accompanying notes are an integral part of the financial statements.

CANADIAN COUNTY EDUCATIONAL FACILITIES AUTHORITY
Statement of Cash Flows
Modified Cash Basis
For the Year Ended June 30, 2023

Cash flows from operating activities

Receipts from customers	\$	23,028
Payment to customers		(85,000)
Payment to vendors		(5,637)
<i>Net cash provided (used) by operating activities</i>		<u>(67,609)</u>

Cash flows from investing activities

Interest received		4,156
<i>Net cash provided by (used for) investing activities</i>		<u>4,156</u>

<i>Net increase (decrease) in cash and cash equivalents</i>		(63,453)
<i>Cash and cash equivalents at beginning of year</i>		122,149
<i>Cash and cash equivalents at end of year</i>	\$	<u><u>58,696</u></u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$	<u>(67,609)</u>
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
<i>Net cash provided by (used for) operating activities</i>	\$	<u><u>(67,609)</u></u>

The accompanying notes are an integral part of the financial statements.

CANADIAN COUNTY EDUCATIONAL FACILITIES AUTHORITY

Notes to Basic Financial Statements

For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies

1.A. Financial Reporting Entity

Canadian County Educational Facilities Authority, a public trust, created August 3, 2009, for the benefit of Canadian County, Oklahoma, to function as an educational trust for the benefit of Canadian County, Oklahoma, the State of Oklahoma, Governmental Agencies, municipalities and private entities, agencies and citizens in its charitable, scientific, literary or educational purposes and in making the most efficient use of all of their economic resources and powers in accordance with the needs and benefit of the Beneficiary and Canadian County in order to lessen the burdens on government and to charitable, scientific, literary or educational economic growth and development of Canadian County. The Authority accomplishes its mission through various educational development trusts. The Authority is empowered to borrow money and to pledge assets, properties and revenue as security against its borrowings.

Canadian County Educational Facilities Authority generally does not acquire any assets or incur any liability when it issues bonds for eligible entities. It may earn and collect administrative fees and must be informed of the unpaid balances. If however Canadian County Educational Facilities Authority manages the assets and liabilities and does not assign them, then the assets and liabilities would be recognized. Note 3- Conduit Debt Obligations discloses the outstanding obligations, which the Authority has facilitated.

Related Organizations

Canadian County - Canadian County is the beneficiary of this public trust. The elected Canadian County commissioners are the Authority's trustees. Therefore the Authority is considered to be a component unit of Canadian County.

The accompanying financial statements include all functions and activities over which the Authority exercises financial accountability. Canadian County Educational Facilities Authority is a component unit of the governmental entity of Canadian County, Oklahoma. Canadian County's financial information is not presented in these financial statements. Canadian County financial audits are readily obtainable at, www.sai.ok.gov, the State Auditor's website.

1.B. Basis of Presentation

The Authority's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. All activities of the Authority are business type activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

CANADIAN COUNTY EDUCATIONAL FACILITIES AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies, (continued)

1.C. Measurement Focus and Basis of Accounting

Measurement focus refers to how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recognized and recorded in the financial statements regardless of the measurement focus applied.

The Authority's financial statements use the economic resources measurement focus and are presented on the modified cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid.

This basis is a basis of accounting other than accounting principles generally accepted in the United States of America. If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

1.D. Assets, Liabilities and Net Position

Cash & Cash Equivalents- The Authority considers all cash on hand, demand deposits, interest bearing checking accounts and time deposit accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

Net Position – Net Position is divided into three components:

- a. *Net Investment in Capital Assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

CANADIAN COUNTY EDUCATIONAL FACILITIES AUTHORITY

Notes to Basic Financial Statements

For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies, (continued)

1.D. Assets, Liabilities and Net Position, (continued)

It is the Authority’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

1.E. Revenues and Expenses

Operating and Non-operating Revenues - Operating revenues are considered those whose cash flows are related to operating activities, while revenues related to financing, capital and investing activities are reported as non-operating.

Expenses - The Authority reports expenses relating to the use of economic resources.

Note 2 – Deposits, Investments and Collateral

Deposits and Investments - The Authority does not have a written investment policy that limits its investment choices. Investments are limited by State Statute and declaration of trust.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a written policy for custodial risk, but *Oklahoma Statutes* require collateral for all uninsured deposits of public trust funds in financial institutions. The Federal Deposit Insurance Corporation insures deposits up to \$250,000 at each institution for all demand deposit accounts and up to \$250,000 at each institution for all time and savings accounts. At June 30, 2023 the Authority was not exposed to custodial credit risk.

Note 3- Conduit Debt Obligations

CCEFA- Conduit Debt – The Canadian County Educational Facilities Authority has the following conduit debt outstanding at June 30, 2023, in the form of Lease Revenue Bonds:

	<u>Original Issue</u>	<u>Outstanding June 30, 2022</u>
CCEFA- Mustang Public Schools (2017)	\$ 138,300,000	\$ 128,445,000
CCEFA- Calumet Public Schools (2013)	\$ 4,800,000	\$ 540,000
CCEFA- Union City Public School (2015a)	\$ 4,855,000	\$ 3,560,000
CCEFA- Mustang Public Schools (2021)	<u>\$ 19,730,000</u>	<u>\$ 9,175,000</u>
Total	<u>\$ 167,685,000</u>	<u>\$ 141,720,000</u>

CANADIAN COUNTY EDUCATIONAL FACILITIES AUTHORITY

Notes to Basic Financial Statements

For the Year Ended June 30, 2023

Note 3- Conduit Debt Obligations, (continued)

The Canadian County Educational Facilities Authority has the following conduit debt outstanding at June 30, 2023, in the form of Lease Purchase Financing:

	<u>Original Issue</u>	<u>Outstanding June 30, 2023</u>
CCEFA- El Reno Public Schools (2013)	\$ 33,050,000	\$ 13,305,936
Total	<u>\$ 33,050,000</u>	<u>\$ 13,305,936</u>

The Canadian County Educational Facilities Authority has the following conduit debt outstanding at June 30, 2023, in the form of Lease Purchase Refinancing:

	<u>Original Issue</u>	<u>Outstanding June 30, 2023</u>
CCEFA – Canadian Valley Technology Center (2017)	\$ 25,000,000	\$ 23,540,564
CCEFA – Piedmont (2020)	\$ 49,850,000	\$ 41,080,000
Total	<u>\$ 74,850,000</u>	<u>\$ 64,620,564</u>

This debt is considered non-commitment debt to the Authority since debt payments are made solely by the schools. Payments are made directly by Mustang, Canadian Valley Tech Center, El Reno, Calumet, Union City, and Piedmont to the Trustee banks. In the event of default by the schools, the Authority has no obligation, in substance, to make any payments on the debt since the note receivable, financing agreements and mortgages on the property with the school are the only security for the debt. As a result of the non-commitment determination, the Authority's indebtedness and related receivables from the school are not recorded in the financial statements. Total conduit debt on June 30, 2023 was \$219,646,500.

Note 4 - Commitments and Contingencies

The Authority is dependent upon the repayment of bonds solely from the beneficiary (schools) of the bond issues. If the beneficiary (schools) defaulted on the bond payments it would not have a significant impact on the Authority's financial condition. Conduit debt is non-recourse debt.

Note 5 – Subsequent Events

The Authority facilitated the following Lease Revenue Bonds subsequent to year end and the date the financial statements were available to be issued:

On April 17, 2023, consideration was given to the adoption of a resolution authorizing the Authority to issue its Lease Revenue Bonds, in an aggregate principal amount not to exceed \$160,000,000 to Mustang Public Schools.

CANADIAN COUNTY EDUCATIONAL FACILITIES AUTHORITY

Notes to Basic Financial Statements

For the Year Ended June 30, 2023

Note 5 – Subsequent Events, (continued)

Consideration was also given to the adoption of a resolution authorizing the Authority to issue its Lease Revenue Bonds, in an aggregate principal amount not to exceed \$75,000,000 to Yukon Public Schools.

These issues are conduit, non-recourse debt for the Authority.

Report on Internal Control and Compliance

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Board of Trustees
Canadian County Educational Facilities Authority
El Reno, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the business-type activities of the Canadian County Educational Facilities Authority, El Reno, Oklahoma, a component unit of Canadian County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated, September 25, 2023. Our report on the financial statements disclosed, that, as described in Note 1 to the financial statements, the Authority prepares its financial statements on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Canadian County Educational Facilities Authority, El Reno, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did

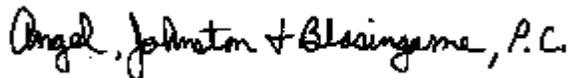
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Canadian County Educational Facilities Authority, El Reno, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Chickasha, Oklahoma
September 25, 2023

